

BRUSHWELLMAN
ENGINEERED MATERIALS

Brush Wellman Inc.
67 West 2950 South
Salt Lake City, UT 84115
Phone 801/467-5441

January 10, 1989

HAND DELIVER

Mr. Lowell P. Braxton, Administrator
Mineral Resource Development and Reclamation Program
Utah Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RE: Reclamation Bonding, Topaz Mine M/023/003, Juab County, Utah

Dear Mr. *Lowell* Braxton:

Enclosed are the executed surety forms as provided by the Division of Oil, Gas & Mining for finalizing permit approval on Brush Wellman Inc.'s Mined Land Reclamation Plan.

The surety forms executed are; Self Bonding and Indemnity Agreement and the Self Bonding Qualification Sheet. Additionally, you'll find enclosed Exhibits A through F, which support the information requested in the surety bonding forms.

We look forward to finalizing our permit application and thank you for the services rendered by yourself and the Division staff. We plan to attend the Board meeting scheduled for Thursday, January 26, 1989. If we can be of further help or provide additional information, please call.

Sincerely yours,

BRUSH WELLMAN INC.

KRP
Kenneth R. Poulson
Vice President
Mining & Exploration

KRP/dt

Enclosures: Surety Forms (2)
Exhibits (1 set)

RECEIVED
JAN 11 1989

DIVISION OF
OIL, GAS & MINING

(February 1986)

NONCOAL

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement (hereinafter referred to as "Agreement") entered into by Brush Wellman Inc. (hereinafter referred to as "Brush") and the state of Utah, Department of Natural Resources, Board of Oil, Gas and Mining (hereinafter referred to as "Board"),

WITNESSETH

WHEREAS, Brush has obtained Permit No. M/023/003 from the Division of Oil, Gas and Mining to operate the Topaz Mine in Juab County, Utah as a(n) open-pit beryllium mine under the Mined Land Reclamation Act, Utah Code Annotated, 40-8-1 et seq, 1953, as amended ("Act") and implementing regulations; on the premises specifically described in EXHIBIT A; and

WHEREAS, Brush wishes to obtain a bond to operate a(n) Open-pit beryllium mine under Permit No. M/023/003 under 40-8-14(3); and

WHEREAS, Brush has designated Kenneth R. Poulson, Vice-President, Mining & Exploration, Brush Wellman Inc.

(Name, Title, Address)

67 West 2950 South, Salt Lake City, UT 84115

as its agent for Service of Process in the state of Utah, and

WHEREAS, Brush has been in continuous operation as a business entity for the last five years; and

WHEREAS, Brush meets financial criteria for self bonding (as shown in the ^{attached} ~~extracted~~ financial sheet); ^{(see Self Bonding Qualification Sheet with Exhibit "B" through "E" attached hereto.} and

WHEREAS, Brush has submitted to the Division of Oil, Gas and Mining and Board financial statements which are accompanied by an audit opinion prepared by Ernst & Whinney ^{Brush Wellman Inc.} as contained in the ¹⁹⁸⁷ Annual Report (Exhibit "B" to Self Bonding Qualifications Sheet.) (Accountant's Name)

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, Brush does hereby agree to be held and bonds to the Board for the sum of \$311,300 for the timely performance of reclamation responsibilities for Topaz Mine, Permit No. M/023/003 in lawful money of the United States. By the submission of this Agreement, Brush will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. Brush shall perform all duties and fulfill all requirements applicable to reclamation as set forth in the Act, the regulations adopted pursuant to

the Act and the conditions of the permit to conduct
open-pit beryllium mining operations, Permit
No. M/023/003 issued by the Division.

2. The liability ^{of Brush} under the Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for Permit No. M/023/003 for a period of time and in the manner specified in the Act, regulations adopted pursuant thereto, and the conditions set forth in Permit No. M/023/003 issued by the Division. At no time shall the liability or responsibility of Brush hereunder exceed the sum of \$311,300. Provided, however, that the Board may adjust the amount of liability hereunder as provided in Section 6 hereof.
3. Brush does hereby agree to indemnify and hold the Board harmless from any claim, demand, liability costs, charge or suit brought by a third party, as a result of Brush's failure to abide by the terms and conditions of the Reclamation Plan as set forth in the mining Permit No. M/023/003 and from any failure to comply with the terms of the Agreement.
4. The Board shall give Brush, or its designated agent herein, notice of any claim and any legal proceedings within the scope of the indemnity set forth at Section 3.

5. Upon successful completion of part or all of the obligations secured hereby, Brush may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division of Oil, Gas and Mining shall conduct an inspection to ascertain whether duties and obligations of Brush under the Act, regulations adopted pursuant thereto and Permit No. M/023/003 have been fulfilled. If such duties and obligations have been fulfilled, the Board shall release Brush from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Juab County, Utah.
6. This Agreement shall be reviewed periodically by the Division of Oil, Gas and Mining, or reviewed upon petition by Brush in accordance with the Act and implementing regulations and the amount of liability under this Agreement may be adjusted if the Division determines that the cost of future reclamation has materially changed.
7. This Agreement may be terminated upon 90 days prior written notice to the Board if terminated by Brush or upon 90 days prior written notice to Brush if terminated by the Board.

Upon such written notification, Brush
will have 90 days to obtain an alternate form of bond
satisfactory to the Division to secure reclamation
obligations for Permit No. M/023/003 in the same amount
as stated herein and amendments thereto.

8. Failure to provide a satisfactory alternative form of bond
will result in the complete cessation of all mining
operations and the complete reclamation of all disturbed
areas within the Topaz Mine permit area.
9. Any breach of the provisions of paragraph #8 of this
agreement will result in the payment of \$ 311,300
(bond amount) in liquidated damages to the Division.
10. This agreement will be governed and interpreted according
to Utah law.

SO AGREED this 9th day of January,
19 89.

COMPANY NAME BRUSH WELLMAN INC.

Date 1/9/89

By [Signature] C. G. Waite
Corporate Officer - Position
Vice President and Chief Financial Officer

Date 1/9/89

By [Signature] M. C. Hasychak
Corporate Officer - Position
Assistant Treasurer, Assistant Secretary

Chairman
Board of Oil, Gas and Mining

By _____
Gregory P. Williams

Date

APPROVED AS TO FORM:

Assistant Attorney General

STATE OF Ohio)
COUNTY OF Cuyahoga) ss:

On the 9th day of January, 1989, personally appeared
before me C. G. Waite and M. C. Hasychak who
being by me duly sworn did say that he/she, the said _____

C. G. Waite is the Vice President & Chief Financial Officer of
Brush Wellman Inc. and said M. C. Hasychak is
the Ass't Treas. & Ass't Secy of Brush Wellman Inc.

and said instrument was signed in behalf of said corporation by
authority of its bylaws or a resolution of its board of directors
and said C. G. Waite and M. C. Hasychak duly
acknowledged to me that said corporation executed the same.

Diane M. Barben
Notary Public

SEAL

DIANE M. BARBEN
Notary Public, State of Ohio
Recorded in Cuyahoga County
My Comm. Expires 10-23-90

Notary Public
Residing at: _____

My Commission Expires:

STATE OF _____)
COUNTY OF _____) ss:

On the ____ day of _____, 198__, personally appeared before me Gregory P. Williams, Esq., who being by me duly sworn did say for him, that he, the said Gregory P. Williams is the Chairman of the Board of Oil, Gas and Mining, Department of Natural Resources, state of Utah, and he duly acknowledged to me that said Board executed the foregoing document by authority of law on behalf of the state of Utah.

Notary Public
Residing at: _____

My Commission Expires:

EXHIBIT A

**Location of Brush Wellman Inc. Topaz Mining Property
Reclamation Plan**

Juab County, Utah

Section 31 and 32, Township 12 South,
Range 12 West SLBM

Sections 4, 5, 6, 7, 8, 9, 10, 16 and 17,
Township 13 South, Range 12 West SLBM

January 11, 1989

For the following exhibits please see the Brush Wellman,
M/023/003, Bond File, in Central Files:

Exhibit B	Brush Wellman 1987 Annual Report
Exhibit C	Brush Wellman 1st Quarter 1988 Report
Exhibit D	Brush Wellman 2nd Quarter 1988 Report
Exhibit E	Brush Wellman 3rd Quarter 1988 Report

jb
MN4/71

NONCOAL
(August 1985)

Mine Name Topaz
Permit No. M/023/003
Date _____
Checked By _____

SELF BONDING QUALIFICATION SHEET
(Brush Wellman Inc. meets criterion #3)

Applicant Required to Meet One of the Following Criteria:

1. Current rating for most recent bond issuance ("A" or higher) (Moody's Investor Service or Standard and Poor's Corporation)

NA

or

2.

- A. Tangible Net Worth = (at least \$10 million) (Net worth minus intangibles [Goodwill and rights to patents or royalties])

NA

- B. Total Liabilities/Net Worth = Obligations to transfer to other assets or provide services to other entities/Total assets minus total liabilities and is equivalent to owner's equity (2.5 times or less).

NA

- C. Current Assets/Current Liabilities = Cash or other assets or resources which are reasonably expected to be converted to cash or sold or consumed within one year/Obligations which are reasonably expected to be paid or liquidated within one year (1.2 times or greater).

NA

Reference: _____

or

3.

- A. Fixed assets in the United States (at least \$20 million) =

\$128,315,000

Property, Plant and Equipment

B. Total Liabilities/Net Worth
(2.5 times or less) =

	<u>.43</u>
	(108,126,000)
	<u>248,877,000</u>
	<u>2.87</u>

Current Assets/Current
Liabilities (1.2 times or
greater) =

Reference: Third Quarter Report 1988
Brush Wellman Inc.
(copy attached, Exhibit "E")

	<u>(159,588,000)</u>
	<u>(55,555,000)</u>

Suitable agent (resident within the state of Utah)

Kenneth R. Poulson Vice-President, Mining & Exploration
67 West 2950 South
Salt Lake City, UT 84115

Been in continuous operation of not less than five (5) years
(immediately preceding the time of application) (submitted five
annual reports--Yes XX No)

(i) Financial statements prepared by an independent certified
public accountant in conformity with generally accepted accounting
principles. Yes XX No (1987 Annual Report, copy attached, Exhibit "B")

(ii) Unaudited financial statements for completed quarters in
the current fiscal year. Yes XX No (1988 1st, 2nd and 3rd Quarter
Reports, copies attached, Exhibits "C"

(iii) Additional unaudited information as requested by the "D" and "E"
Division.